COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

At Richmond, JANUARY 26, 1999

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE980333

For approval of a special rate contract pursuant to § 56-235.2 of the Code of Virginia

FINAL ORDER

On June 22, 1998, Virginia Electric and Power Company ("Virginia Power" or "Company") filed public and confidential versions of an application for approval of a special rate and contract for the electric service[1] it will provide to Chaparral (Virginia), Inc. ("Chaparral"), a steel recycling facility ("Facility") that is currently under construction in Dinwiddie County, Virginia. Virginia Power is offering Chaparral a special rate for electric service pursuant to § 56-235.2 of the Virginia Code. This application was filed pursuant to § 56-235.2 and the Commission's Guidelines for Filing an Application to Provide Electric and Gas Service under a Special Rate, Contract, or Incentive, 20 VAC 5-310-10, adopted in Case No. PUE970695 (hereinafter, "Guidelines").

On July 16, 1998, the Commission issued an Order for Notice and Hearing directing Virginia Power to give notice, establishing a procedural schedule and establishing a hearing in this matter before a hearing examiner on September 17, 1998.

On July 30, 1998, Chaparral filed both a Notice of Protest and a Protest to become a party to the proceeding. On August 28, 1998, the Virginia Committee for Fair Utility Rates ("Virginia Committee") filed a Motion for Leave to File Notice of Protest, its Notice of Protest, and a

[1] Virginia Power and Chaparral entered into an Agreement for Electric Service on April 13, 1998 ("Agreement").

Protest. By Hearing Examiner's Ruling dated August 31, 1998, the Virginia Committee's Notice of Protest was accepted for filing out of time. On September 15, 1998, the Virginia Committee requested that its status be changed from protestant to intervenor.

The evidentiary hearing on the application were held on September 17–18, 1998, before Hearing Examiner Alexander F. Skirpan, Jr. Counsel appearing were: James C. Roberts, Esquire, and Richard D. Gary, Esquire, counsel for the Company; Michael Kaufmann, Esquire, on behalf of Chaparral; and Sherry H. Bridewell, Esquire, and Allison L. Held, Esquire, counsel for the Commission's Staff. The Company, Chaparral, and Staff filed briefs on October 16, 1998.

The Hearing Examiner's Report

On November 20, 1998, the Examiner issued his Report. He found, based on the evidence received in this case, that the Agreement protects the public interest; will not unreasonably prejudice or disadvantage any customer or class of customers; and will not jeopardize the continuation of reliable electric service.

More specifically, the Examiner noted that this application marks the first "special rate" application under § 56-235.2 and that most of the differences among the parties relate directly to conflicting interpretations of the requirements of that statute. The Examiner stated that the General Assembly change to § 56-235.2 removes a utility's duty to charge uniform rates to all similarly situated customers as provided in § 56-234 when the Commission finds that it is in the public interest to do so. The Examiner also observed that the removal of another limitation, found in § 56-235.4, permits the adoption of special rates, contracts or incentives that increase the operating revenues of a utility more than once within any twelve-month period.

The Examiner stated that, pursuant to the statutory requirements, he would examine: (i) the impact of the proposed Agreement on the public interest, including the direct and indirect economic benefits associated with Chaparral's locating in Virginia, including the probability of attracting Chaparral without the Agreement; (ii) the impact of the proposed Agreement on other existing customers; and (iii) the impact of the proposed Agreement on service reliability. The

Examiner stated that § 56-235.2 C directs the Commission "to apply its expert judgment to a specific set of facts and circumstances to determine when special rates, contracts or incentives are in the public interest."[2] The Examiner found that the "statute does not focus on whether other customers are prejudiced or disadvantaged; rather, the statute directs the Commission to inquire as to whether other customers are prejudiced or disadvantaged unreasonably."[3] He further found that such an inquiry requires an examination of the facts and circumstances of each special rate, including, but not limited to: (i) the economic impact of gaining or losing the customer(s); (ii) the likelihood or probability the customer(s) would purchase from an existing tariff; and (iii) the related risks and benefits to be placed on all other customers. The Examiner concluded that the level of prejudice or disadvantage to other customers that may be tolerated becomes a function of the relative level of benefits gained by offering the special rate. Further, he acknowledged that this analysis was limited by § 56-235.2 D, which directed the Commission to establish guidelines "that will ensure that other customers are not caused to bear increased rates as a result of such special rates."[4]

In considering the impact of the Agreement on the public interest, the Examiner considered a number of factors, including the economic benefits associated with the proposed Facility; the impact of the Agreement on other customers; the variable cost analysis; and the Company's total revenues and expenses. He found that the direct economic benefits of the Facility would be substantial, noting that, when completed, the Facility would employ about 400 people with an annual payroll in excess of $14 million. He also noted that Chaparral would become the largest taxpayer in Dinwiddie County and represented the largest economic investment in Virginia in 1997. No evidence challenged the economic benefits discussed by the Examiner, nor did any party introduce evidence concerning additional costs or any disadvantages that may be created by the Facility. The Examiner also found that since the cost of electricity was one of the key factors on which Chaparral based its decision to locate in Virginia and the

[2] Hearing Examiner's Report at 10.
[3] Id. (emphasis in original.)
[4] Virginia Code § 56-235.2 D.

economic benefits flowing from the Facility will be substantial, the economic benefits of Chaparral should be given "virtually full weight" in the analysis of whether the construction of the Facility will be in the public interest.[5]

Addressing the impact of the Agreement on other customers, the Examiner considered the risks and benefits placed on all other customers by the Agreement to determine whether approval of the Agreement will unreasonably prejudice or disadvantage any customer or class of customers, including whether the rates of other customers will be increased as a result of the Agreement. The Examiner stated that Virginia Power argues that the Agreement will be in the public interest because the rates under the Agreement will recover all of the costs of serving Chaparral, plus a margin of profit. The Examiner stated that two critical assumptions underlying the Company's assertion are: (i) no new generation will need to be constructed because Chaparral will be fully interruptible; and (ii) the Company will be able to predict its hourly system lambda or marginal cost a day in advance.

In this regard, Staff argued that since there is no definitive agreement setting forth the terms and conditions under which Chaparral can be interrupted, Virginia Power may find it necessary to build additional generation sources to serve Chaparral's load, which will cause the Company's other customers to bear increased rates. To preclude such a scenario, Staff proposed that the Agreement be modified to include contractual language that will guarantee that Virginia Power will interrupt Chaparral when revenues earned from Chaparral fall below the cost of serving the Facility to ensure that additional generation sources would not be required to serve the Facility.

The Examiner rejected Staff's proposed modification, finding that Staff's recommendation would be unworkable and likely create more problems than it would solve. He noted that both Virginia Power and Chaparral acknowledged that the Company has the right to interrupt Chaparral for any reason and that, if Chaparral failed to interrupt when directed, Virginia Power can disconnect Chaparral through remotely activated disconnect switches. The

[5] Hearing Examiner's Report at 14.

Examiner suggested that a more workable approach would be to require the Company to show that it has operated as promised under the Agreement and has either (i) not acquired; or (ii) has been reimbursed for, any additional generation sources that may be required to serve Chaparral's load. The Examiner proposed that if future earnings tests show that Virginia Power failed to recover its costs and earn a margin from the Facility, it may be appropriate for the Commission to impute revenue or eliminate expenses.

The Examiner also considered Staff's position that, at times when Virginia Power must purchase energy for service to Chaparral, the Generation Capacity Adder ("GCA") [6] may not be sufficient to cover both the additional costs of the purchased energy and the associated demand responsibility. The Examiner stated that Staff does not request a specific change in the Agreement to address this issue but, rather, uses this issue to support other of its arguments, particularly its argument that its proposed mechanism should be adopted to ensure that other Virginia Power customers will not bear increased rates because of Chaparral's special rate. The Examiner found that the issue of the adequacy of the GCA goes to whether Virginia Power will be able to deliver on its promises in the Agreement and found that, subject to verification that the Company operates prudently and as promised under the terms of the Agreement, it is reasonable to conclude that the revenues from the Facility will exceed the Company's variable costs of providing service to Chaparral.

Addressing the issue of the impact of the Agreement on other customers, the Examiner described the Company's and Staff's positions. He stated that Virginia Power asserts that its other customers will benefit from the Agreement because: (i) any margins earned by the Company will be used to increase the level of stranded investment recovered by the Company during the rate freeze (pursuant to the Stipulation in Case No. PUE960296);[7] and (ii) incremental

[6] The GCA is a rate per kWh that is intended to cover any additional costs the Company may incur to purchase energy for Chaparral when there would be an associated demand responsibility (in other words, it would reflect the greater market value of capacity during the limited number of hours each year when energy is available, but only at a premium price, well above the incremental cost of production).

[7] *Commonwealth of Virginia, at the relation of the State Corporation Commission, Ex Parte: Investigation of Electric Utility Restructuring – Virginia Electric and Power Company*, Case No. PUE960296, Doc. Con. Center No. 980810137, slip op. (Aug. 7, 1998, Final Order).

fuel revenues will be matched with incremental fuel expenses, so the fuel factor will be lower than if the Company provides service to Chaparral under an average rate schedule. The Examiner stated that Staff contended that the Agreement may increase rates to other customers. First, service to Chaparral will increase Virginia Power's system lambda used as a basis for calculating the hourly price for RTP customers by $0.25 per MWh. In response to this issue, Staff recommends determining lambda values used to develop Chaparral's prices after RTP lambdas and prices have been calculated. Second, and more importantly, Staff contends that sales to Chaparral limit Virginia Power's ability to sell power to the potentially more lucrative competitive wholesale or off-system market. To address this issue, Staff proposed a sharing mechanism that would impute an off-system sales margin for each MWh of sales to Chaparral, and would be calculated based on the difference between the hourly market price for off-system sales at the PJM interconnection and the Company's hourly system lambda. As the Examiner stated, Staff further proposes to use 50% of such imputed margins to lower the deferred fuel balance and to add the other 50% to base rate margins.

The Examiner was not persuaded by Staff's rationale for adopting either of Staff's proposals. He stated that any increase in the rates of RTP customers would be the result of the addition of new load, not the Agreement's special rates. Thus, he concluded that such an increase would not violate § 56-235.2 D, which directed the Commission to establish guidelines for special rates "that will ensure that customers are not caused to bear increased rates as a result of such special rates." The Examiner also was not persuaded by Staff's argument that its proposal to impute margins from off-system sales should be adopted to ensure that other customers will benefit from the Agreement. The Examiner found that the record provides no support for the assumptions underlying Staff's position and that this proposed mechanism would be too speculative to initiate. The Examiner also found that, in weighing the public interest as contemplated by § 56-235.2 C, the potential benefits of off-system sales must be offset by the benefits of Chaparral's operation in the Commonwealth. Further, the Examiner stated that changes in the electric industry could limit the benefits Virginians will receive from off-system

sales, which may be limited or even reduced in certain scenarios.[8] The Hearing Examiner concluded that the Agreement will not unreasonably prejudice or disadvantage any customer or class of customers. He further found that although it is important to monitor Virginia Power's performance under the Agreement and to adjust the Company's future earnings if it does not deliver on its promises, Staff's proposed sharing mechanism should not be adopted. In this regard, the Examiner found that depending upon the surrounding facts and circumstances, it may be appropriate for the Commission to increase or decrease either revenues or expenses when conducting an earnings test as provided by the Stipulation, or adopting a fuel factor.

Addressing the impact of the Agreement on system reliability, the Examiner stated that the Agreement permits the Company to interrupt Chaparral upon notice and Chaparral is required under the Agreement to rectify or cease any operations that have or may have an adverse impact on the Company's system. Thus, he concluded, the Agreement will not jeopardize the continued provision of reliable service.

Comments on the Hearing Examiner's Report

The Staff filed comments supporting certain of the Examiner's findings and excepting to certain other findings. Specifically, Staff supported the Examiner's findings that: (i) ratemaking adjustments to impute margins from off-system sales can be included in the earnings test required by the Stipulation in Case No. PUE960296; (ii) Staff should have an opportunity to review Virginia Power's implementation of the Agreement; (iii) when necessary, the

[8] The Examiner thus rejected the Company's assertion that the earnings test required by the Stipulation precludes the inclusion of imputed revenues. He also rejected Virginia Power's argument that imputed revenues cannot be considered in calculating the fuel factor under the Definitional Framework of Fuel Expenses for Virginia Power established in Case No. PUE950094.

Commission may adopt a fuel factor with imputed components; and (iv) Virginia Power should be directed to provide information to Staff upon request, documenting the Company's performance under the Agreement.

Staff, however, disagrees with the Examiner's analysis and conclusions, and argues that: (i) the Examiner failed to give proper weight to the increase in rates to existing Virginia Power customers; (ii) the Examiner failed to address sufficiently Staff's concerns about reliability of service; and (iii) Virginia Power should be required to seek further approval in the event the Company wishes to modify the Agreement in response to changes in the electric industry.

More specifically, Staff continues to argue that in several ways the other customers' rates will be increased as a result of Chaparral Agreement. Staff maintains that its sharing mechanism should be adopted to ensure that other customers are not harmed and may receive some benefit from the margins the Company will earn on Chaparral. Staff states that the Examiner is incorrect in asserting that Staff's analysis relies on Subsection C of § 56-235.2; Staff states that its proposed sharing mechanism is intended to ensure that the Agreement will also comply with the absolute directive of Subsection D of § 56-235.2, which mandates that a company's other customers must not be caused to bear increased rates as a result of a special rate, contract or incentive.

Staff also continues to argue that, if the Agreement is approved as filed, other customers may not realize any benefits from the energy margins associated with the Chaparral contract. Staff contends that the Examiner's proposal to place on the Company the burden of showing it performs as it has promised under the Agreement would not ensure that other customers receive some benefit from the Agreement because once the terms of the Agreement are approved by the Commission, no further approval by the Commission regarding the Agreement or its consequences are contemplated by the Agreement. Staff argues that the flaw in the Hearing Examiner's analysis is that the rate impacts identified by Staff are treated as just another variable

to be balanced against the direct and indirect commercial benefits associated with the Agreement, rather than giving such impacts the weight contemplated by Subsection C of § 56-235.2 and required by § 56-235.2 D.

Staff also asks that the Company be required to provide, in writing, the specific terms, conditions and penalties associated with interruption of Chaparral's load. Finally, Staff states that the Chaparral Agreement may have to be amended if restructuring of the electric industry does occur and points out that Company witness Hilton agreed with this at the hearing. Staff states that the Examiner did not address this issue in his Report and requests that the Commission, in its Final Order, direct Virginia Power to file for approval of any amendment to the Agreement in advance of the effective date of such amendment.

Virginia Power filed comments stating that it agrees with most of the Hearing Examiner's findings and recommendations, except for two accounting issues. First, the Company contends that the Examiner erred in finding that the language of the Stipulation does not preclude the imputation or exclusion of expenses from earnings tests that will be applied in the future pursuant to the Company five-year rate freeze. Second, the Company argues that the Examiner erred in agreeing with Staff that the Commission may, when necessary, adopt a fuel factor with imputed components. The Company states that neither of these findings is critical to the Examiner's ultimate recommendation and, therefore, the Commission need not rule on them.

NOW THE COMMISSION, upon consideration of the record and the November 20, 1998 Hearing Examiner's Report, the comments and exceptions received thereto, as well as the applicable statutes and rules, is of the opinion and finds that Virginia Power's application should be approved.

Virginia Power's application for approval of a special rate is the first under § 56-235.2, as amended by the General Assembly in 1996, to allow utilities to request special rates, contracts or incentives for particular customers or classes of customers. Section 56-235.2 C provides that, in

determining whether to approve an application for a special rate, contract or incentive, the Commission must:

> ensure that such action (i) protects the public interest, (ii) will not unreasonably prejudice or disadvantage any customer or class of customers, and (iii) will not jeopardize the continuation of reliable electric service.

The General Assembly directed the Commission, in amending Subsection D of § 56-235.2, to issue guidelines for special rates, contracts or incentives "that will ensure that other customers are not caused to bear increased rates as a result of such special rates." [9] Guideline No. 6 requires an applicant to describe the rate impact of a proposed rate on the utility's other customers and "explain how the company will ensure that other customers will be protected from bearing any increased rates" that may result from a special rate and to "explain how the utility will allocate or use any resulting benefits."[10]

We commend the Staff for raising and developing issues in this case that, once resolved, should provide utilities, current customers, and potential new customers with a more precise understanding of the requirements for a special agreement. Put simply, Staff asked the questions that needed to be asked. We recognize that Staff's motivation was to protect the economic interests of Virginia Power's customers living within the Commonwealth as directed by the Code of Virginia. We commend them for this and encourage their continued vigilant protection of the public interest.

Also, we believe that the Hearing Examiner did a commendable job of analyzing and applying the statutory requirements. We find that the record amply supports the Examiner's finding that the special rate at issue will be in the public interest and otherwise comports with the Special Rate Guidelines. Accordingly, we adopt his findings and recommendations, with certain clarifications discussed below.

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[9] In our order entered on March 20, 1998, the Commission promulgated such guidelines. *Commonwealth of Virginia, at the relation of the State Corporation Commission, Ex Parte, In re: Promulgation of Guidelines for Special Rates, Contracts or Incentives pursuant to Virginia Code § 56-235.2 D*, Case No. PUE970695, Final Order at 10, (March 20, 1998) ("*Special Rates Order*").

[10] Id., Appendix A at 1-2.

Three primary issues remain for our consideration, which Staff raises in its Comments to the Hearing Examiner's Report. Staff maintains in its Comments that: (i) the Company's general body of ratepayers, including its Real Time Pricing customers, could be caused to bear increased rates as a result of the Agreement or not receive any benefit from the margin the Company will realize from its sales to Chaparral; (ii) the Agreement may adversely affect the Company's ability to provide reliable electric service during peak conditions; and (iii) Virginia Power should be required to seek further approval if the Company seeks to modify the Agreement in the future.

The first issue concerns balancing the statute's goal of attracting new business development in Virginia while ensuring that existing customers will not bear increased rates as a result of a special rate, contract or incentive. In its Comments, Staff maintains that sales to Chaparral may increase the rates of the Company's other customers in several ways. First, Staff asserts that the Generation Capacity Adder, which is designed to compensate the Company for existing fixed costs that may result from Chaparral, is less than the costs of the combustion turbine units for which the Company seeks approval in another current rate case, Case No. PUE980462. Second, Staff contends that the limitation of the application of the GCA rate to a limited number of hours per year has the potential to add to Virginia Power's capacity costs in excess of revenues derived since it is a much lower limit than that applied to existing RTP customers. Third, and most importantly, Staff maintains that the power sold to Chaparral will limit Virginia Power's ability to make off-system sales, which historically have lowered costs to the Company's other ratepayers because one-half of the margins from such sales are credited to the Company's deferred fuel balance and the other half credited to base rate margins.

To preclude or ameliorate the above-identified rate impacts, Staff continues to urge the Commission to adopt its proposed "sharing mechanism."[11] Staff contends that its proposed

[11] As discussed supra, Staff proposes that for each MWh of sales to Chaparral, 50 percent of the difference of the market price for off-system sales and Virginia Power's marginal production cost would be credited to the deferred fuel balance and to the base rate margins. The Company would retain the margin realized from sales to Chaparral below the line and thus the margins would be excluded from the Company's cost of service. Staff proposes that Virginia Power's interconnection with PJM should be used as a basis of price comparison for its mechanism because

mechanism will more effectively satisfy the requirements of § 56-235.2 than the Examiner's "wait-and-see approach" of requiring Virginia Power, in the future, to show that it has performed as promised under the Agreement and that it has not acquired, or, if so, has been reimbursed for, additional generation sources to supply Chaparral's load. Staff contends that, if the Examiner's approach is adopted, the Company's other customers may not receive any of the benefits associated with sales to Chaparral since, under the terms of the Stipulation, ratepayers will benefit from sales to Chaparral only if the adjusted earnings required by the Stipulation produce regulatory asset write-offs in excess of $220 million. Alternatively, Staff requests that, if the Commission rejects the proposed sharing mechanism, the Company be required to credit at least 50 percent of the Chaparral energy margin through the deferred fuel balance so that ratepayers will receive at least some benefit from Virginia Power's sales to Chaparral.

In addition, Staff asserts that the method that Virginia Power will employ to develop Chaparral's hourly price will harm existing Real Time Pricing customers by raising the lambda value used as the basis for the RTP hourly price. Staff maintains that the Commission should require Virginia Power to develop the prices for its RTP customers by calculating lambda values used to develop Chaparral's prices after RTP prices have been calculated to ensure that RTP rates will not increase because of the addition of the Chaparral load.

We agree with the Examiner that the differing positions of the parties and Staff turn on the conflicting interpretations of § 56-235.2. We also agree with the Examiner that the General Assembly intended, in enacting § 56-235.2, that utilities have the ability to offer special rates when such rates are necessary to attract or maintain certain customers as long as all other, existing customers are not unreasonably prejudiced or disadvantaged. Further, we believe that the General Assembly intended an absolute prohibition on the approval of any special rate, contract or incentive if, as a result of such approval, the utility's existing customers would be caused to bear increased rates. We agree with the Examiner that the record supports a finding that the addition of Chaparral as a customer will result in substantial direct economic benefits for

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the Company has two ties to PJM, PJM posts an hourly market price for the interconnection on the Internet, and the Company had identified the price at the PJM interconnection to be a market price.

the Commonwealth, as well as indirect economic benefits. We also agree with the Examiner that existing customers will not be harmed as long as Virginia Power's performance under the Agreement is monitored and the Company is held to its promises under the Agreement and, in addition, is required to show that it has either: (a) not acquired, or (b) has been reimbursed for, additional generation sources required to serve the Facility.

Staff's proposal, in essence, attempts to ensure that the Company's other customers are not only not harmed (by paying increased rates) but, further, will receive a net benefit from the addition of Chaparral's load (by receiving at least some benefit from the margins Virginia Power will earn on Chaparral). We decline to adopt Staff's proposed sharing mechanism in this case. Though Staff relied upon the best evidence available, Staff was not able to show that its proposal, if fairly implemented, would be more beneficial to Virginia Power's other customers than the Agreement.

In this regard, we agree with the Examiner that because the bulk power market is still evolving, there remains too much uncertainty as to its end result to use the market price of the PJM interconnection as a basis for calculating imputed margins. There is no support for Staff's implicit assumption that future market prices for off-system sales will produce margins in excess of those that will be earned from Chaparral. Further, there is no support for Staff's assumption that each kWh sold to Chaparral represents a kWh that Virginia Power could have sold on the spot market at the PJM nodal proxy price. Also, as the Examiner points out, if full retail competition is in fact implemented in the Commonwealth, the adoption of Staff's proposed mechanism could prove not to be in the best interests of Virginia ratepayers.

In sum, we believe that the special rates of the Agreement will further economic development in the Commonwealth and, if implemented as promised, will provide an economic benefit to all of Virginia Power's Virginia jurisdictional customers. We find that the Examiner's proposal to monitor Virginia Power's performance under the Agreement and, if it fails to deliver on its promises, adjust its future earnings as if it had performed as promised, will be sufficient to ensure that the statutory requirements are satisfied. Such adjustments to future earnings,

depending upon circumstances, may be made in the context of, but not limited to, an earnings test conducted pursuant to the stipulation in Case No. PUE960296, or a fuel factor proceeding. To ensure that Staff will have the opportunity and ability to monitor effectively Virginia Power's performance, we will adopt Staff's recommendation and hereby direct the Company to provide information to Staff upon its request, documenting the Company's performance under the Agreement on an ongoing basis. Further, we direct Staff to monitor the Company's performance under the Agreement to ensure that Virginia Power operates in an economically responsible manner on behalf of its customers throughout the Commonwealth.

In addition, we will not adopt Staff's proposal concerning the calculation of the system lambda for the Company's RTP customers. While the hourly prices for RTP customers will be affected by the addition of the new load to the Virginia Power system, the Staff's adjustment is not required.

With respect to the issue of reliability, we agree with Staff that Virginia Power should be directed to develop, immediately, written procedures setting forth the specific terms, conditions and penalties associated with interruption of Chaparral's load. Moreover, Virginia Power is further directed to keep Staff apprised of these written procedures as they are being developed and Staff is encouraged to provide Virginia Power any comments or assistance it deems necessary. However, this process should not be read, in any way, to diminish Virginia Power's obligation or responsibility to operate the Agreement in the public interest.

Finally, as requested by Staff, we direct Virginia Power to amend the Agreement to require the Company to seek further Commission approval, in the event that it seeks to modify the Agreement, in advance of the effective date of such amendment. Accordingly,

IT IS ORDERED:

(1) Virginia Power's application to provide electric service to Chaparral is granted, conditioned upon its acceptance of the modifications and reporting requirements discussed in the body of this Order.

(2) Virginia Power shall file with the Staff within sixty days of the date of issuance of this Order, a document setting forth the terms and conditions under which Chaparral may be interrupted.

(3) Virginia Power shall amend the Agreement to require the Company to seek prior Commission approval of any subsequent modifications to the Agreement. The Company shall file the amended Agreement with the Staff within thirty days of the issuance of this Order.

(4) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings.